

**DEFERRED RETIREMENT OPTION PLAN (DROP)
FREQUENTLY ASKED QUESTIONS**

Please note: New and/or revised FAQ's are highlighted in yellow.

Compensation

Q. Can my leave pay out monies be rolled into my 401K?

No, as a DROP participant you remain an active employee and are not eligible.

Q. How soon can I get money out of my 401K while in DROP?

While in DROP you can participate and contribute to your 401k but can't withdraw the money except as a loan or financial hardship withdrawal without a penalty.

Q. Is my DROP account money kept in a segregated account?

No, ORS will provide a yearly statement on how much money is payable.

Q. Do I earn interest on the DROP account balance?

Yes, at the end of your DROP participation you will begin receiving your monthly retirement pension, you are entitled to the accumulated DROP balance including 3% interest.

Q. When will I receive my 17% payouts?

The Human Resources Division staff will process payout entitlements within 30 days of your entrance into DROP. Subsequent payments will be made in the pay period following your anniversary date of DROP entry. Any remaining entitlement shall be made within 30 days ending DROP participation.

Q. Is interest earned on the 17% payouts?

No.

Q. Can the 17% payout be put into Deferred Comp?

We do not yet have an answer to this question. Please check back in a couple of weeks.

Q. Can up to 99% of my last check prior to entry into DROP go into Deferred Comp?

Yes. As long as it is from earned income you can put in up to 99%.

Benefits

Q. Do Troopers and Sergeants have to pay for their insurance premiums while in DROP?

Yes. The group insurance plan premiums will be equal to the amount you would have paid had you retired on the day before becoming a DROP participant. You can access the premium rates at the Office of Retirement Services: http://www.michigan.gov/documents/R192M_15693_7.pdf

Q. Will I continue to earn annual leave?

Yes, at an accrual rate of 7.7 hours per 80 hour pay period and you can choose to carry up to 76 hours of annual leave into DROP. You will also receive 16 hours of additional annual leave/personal leave time on 10/01 of each year.

Q. When I end my DROP participation do I get paid for annual leave over 76 hours?

No, at retirement, a participating employee will be paid for up to 76 hours of unused annual leave.

Q. Will I earn sick leave?

No. You can choose to carry up to 240 hours of sick leave into DROP.

Q. If I elect to retain any sick leave hours up to the 240 maximum while a DROP participant, will these hours be subtracted before any payouts are calculated?

Yes.

Q. Do Troopers and Sergeants have to pay for LTD while in DROP?

Yes, all DROP participants will have to pay for LTD coverage. Those who do not currently carry LTD may enroll during the next Open Enrollment period, usually in August of each year.

A participant with 184-240 hours of sick leave would pay 58 cents per \$100 of earnings biweekly. A participant with less than 184 hours of sick leave would pay \$2.13 per \$100 of biweekly earnings if the participant has never a balance of 184 hours of sick leave, or \$1.79 per \$100 of biweekly earnings if he/she at one time had reached 184 balance but now has less than that amount. Please visit www.michigan.gov/ose to review the Long Term Disability and Income Protection Plan booklet, which can be accessed by first clicking on the 'About Us' button and then on the 'Employee Health Management' button, both of which are located on the left side column of the website.

Q. When does my Reliance insurance coverage begin to pay me in the event of illness or injury?

A benefit of \$200 per week is paid beginning the first day of an accidental injury or the eight day of an illness, with payments continuing for up to six years. The plan is not coordinated with an employee's accumulation of sick leave credits. Reliance and LTD coordinate benefits to limit your income from both plans to 66 2/3 % of your monthly rate of base pay.

Q. Will I have my current insurances or retirement insurances?

You will maintain eligibility for your insurance benefits as approved by the Civil Service Commission. However, your group insurance plan premiums will be equal to the amount you would have paid for the plan had you retired on the day before becoming a DROP participant. ORS will not handle insurance questions for the DROP participants.

Q. How does my participation in DROP affect my ReliaStar and State Life insurance benefits?

There is no change in benefits.

Q. Do any of my insurances reduce to 25% of annual wages during DROP participation?

No.

Q. Will my participation in DROP affect the insurance coverage for my dependents?

No, eligibility and coverage will remain the same.

Q. As I have never paid into Social Security or Medicare, when I reach 65, will I lose my insurances?

No, so long as you continue to pay any premiums.

Disability

Q. If I become disabled and have to terminate before completing my full DROP participation period how will the amount I would be entitled to be determined?

The amount payable to you is based upon the period of time you are a DROP participant.

Q. Is there a time limit as to how long I can be off payroll?

This will be determined on a case by case basis and handled in the same manner as any other active employee.

Q. If I become disabled while a DROP participant, can I change my retirement to a Duty Disability?

If you become permanently and totally disabled as provided by the Retirement Act your participation in DROP will end and you will begin receiving your previously determined regular retirement benefit.

Selection

Q. Are the voluntary transfer rights of Trooper and Sergeants affected by participating in DROP?

Yes. Troopers who become DROP participants will be considered to have three (3) years of seniority for purposes of a voluntary transfer. Sergeants who enter DROP will be considered to have one (1) year of "time-in-rank" for purposes of a voluntary transfer.

Q. Am I eligible for promotions while in DROP?

Yes, but your retirement pension and pay out entitlements will not be recalculated.

General Questions

Q. Are shift bid rights or winter/summer vacation picks for MSPTA members affected by being in DROP?

No.

Q. How is my seniority affected by being in DROP?

You continue to accrue seniority as an active employee.

Q. Do I have to complete 6 calendar years in pay status (80 hour pay per pay period) or 6 years of continuous service hours?

DROP participants will be treated the same as other employees in calculating their continuous service credit. A short period of unpaid absence will not result in the end of your DROP participation.

Q. If I am eligible to go into DROP June 1st do I have to go in then or can I delay?

You may apply for DROP participation anytime after you have 25 years or more of credited service under the Retirement Act.

Q. Once I enter DROP, can I change my end date?

No. You will specify the length of your participation in DROP on the State Police DROP Election and Retirement Application. Once the application is accepted by the Office of Retirement Services (ORS), participation is irrevocable and the specified end date cannot be extended.

How to Apply for DROP

Office of Retirement Services will mail each eligible member an information packet. If you decide to enter DROP, please request an application from OSR by calling either (517) 322-5103 or (800) 381-5111.

Written notification must be made to the Human Resources Division of your intent to enter DROP. Please include:

- Date of entry into DROP, which must be the 1st day of the month.
- Hours of annual and sick leave to be carried into DROP. A maximum of 76 hours of annual and 240 hours of sick leave may be transferred when you enter DROP

The Human Resources Division staff will process your first leave payout within 30 days of your entry into DROP.

If you have additional questions, please contact Mary Schneider at (517) 336-6696, Paula Wallace at (517) 336-6527 or Susan Ventocilla at (517) 336-6116.